

VISA U.S.A. INC.
MEETING OF THE BOARD OF DIRECTORS
October 7-8, 1993

P-0003

**GOVERNMENT
DEPOSITION
EXHIBIT
365**

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VISA U.S.A. INC.
MEETING OF THE BOARD OF DIRECTORS
October 7-8, 1993

A regularly scheduled meeting of the Board of Directors of Visa U.S.A. Inc. was called to order at 8:15 a.m. on October 7, 1993 in the Ballroom of the Mauna Lani Hotel, Kohala Coast, Hawaii. All Directors were present except Messrs. Aslin, Chormann, Hughes, and Peterson. Members of Visa staff were present. Mr. Will F. Nicholson, Jr. acted as Chairman. Mr. Paul A. Allen acted as Secretary.

1239. APPROVAL OF MINUTES

The Board approved minutes from the following meetings: Board of Directors, May 31-June 1, 1993; Executive/Planning Committee, May 31, 1993; Product Development and Marketing Committee, May 31, 1993; Systems and Operations Committee, May 31, 1993; Executive/Planning Committee, June 28, 1993; Executive/Planning Committee, July 19, 1993; Board of Directors, August 29-30, 1993; and Executive/Planning Committee, August 29-30, 1993.

1240. ANNUAL MEETING AND ELECTION OF DIRECTORS

Visa U.S.A. By-Law Sections 4.02 and 5.03(c) require that dates be established each year by the Board for the annual meeting of Visa U.S.A. and the election of Regional Directors by mail. Accordingly, upon motion duly made, seconded and unanimously carried it was

RESOLVED, that the 1994 annual meeting for Visa U.S.A. will be held in conjunction with the regularly scheduled meeting of

the Board of Directors on October 13, 1994, and that the 1994 election of Regional Directors will be held by mail on August 8, 1994.

1241. **FINANCIAL MATTERS**

(a) Visa U.S.A. Inc.

(i) Business Overview

Documentation was included in the advance materials.

(ii) Current Financial Statements

Documentation was included in the advance materials.

For the ten months ending July 31, 1993 net revenue after taxes was \$10.9 million compared to the budget of \$5.9 million. Management estimates that fiscal year 1993 will end with net revenue after taxes of \$5.4 million compared to a budget of \$5.2 million.

(iii) Fiscal Year 1993/94 Financial Plan

Documentation was included in the advance materials.

The FY 1993/94 Financial Plan was approved at the meeting of the Board on August 30, 1993 with the exception of the proposed International Incoming Interchange fee of \$4.9 million. Management advised the Board, and the Board concurred, that the revenue shortfall would be covered through expense reductions in the core budget.

(b) Visa International

(i) Current Financial Statements

Documentation was included in the advance materials.

(ii) Fiscal Year 1993/94 Financial Plan

Documentation was included in the advance materials.

1242. PAYMENTSERVICE 2000; AUTOMATED GASOLINE DISPENSERS

The Board received a report on the implementation of PaymentService 2000, the Member benefits to date, and plans for 1994, particularly with regard to introduction of the service to additional merchant segments. The Board also reviewed proposed Operating Principles for a PaymentService 2000 Custom Payment Service for Automated Gasoline Dispensers.

In order to amend various provisions of the U.S. Operating Regulations in accordance with Operating Principles developed and approved for Custom Payment Services, and upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that amendments to the Operating Regulations as set forth in Exhibit A, are hereby adopted.

And in order to approve additional Operating Principles for automated gasoline dispensers which will, after the adoption of Operating Regulations, be effective August 1994, upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the Operating Principles contained in Exhibit B, which the Secretary is directed to attach to the minutes of this meeting, be and hereby are approved.

And be it further

RESOLVED, that management prepare amendments to the Operating Regulations to implement such Operating Principles, to be presented to the Board for adoption at its next meeting.

1243. INTERNATIONAL INTERCHANGE REIMBURSEMENT FEES

- (a) International Airline Program Interchange Reimbursement Fee Requirements

In order to maintain the competitive position of Visa Card acceptance for international airline transactions, upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that it is recommended that Visa International permit international airline transactions to qualify for the international electronic interchange rate that is scheduled to take effect April 1, 1994 without meeting the performance requirements established for such rate, but requiring that, when the Acquirer is capable of supplying the passenger itinerary data and ticket number, such data shall be included in the clearing message, and that international airline transactions shall continue to qualify for the international electronic rate under such conditions until March 31, 1995;

And be it further

RESOLVED, that the representatives of the U.S.A. Region on the Visa International Board are authorized to support such action at its next meeting.

(b) Visa/Plus International ATM Interchange Fees

In order to endorse principles for tiered international interchange reimbursement fees for Visa and Plus ATM transactions, upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the U.S.A. Region hereby recommends that Visa International implement interchange reimbursement fees for international Visa and Plus ATM transactions in accordance with the principles stated in Exhibit C, at the rates shown in Exhibit D, which Exhibits shall be attached to the minutes of this meeting.

And be it further

RESOLVED, that the representatives of the U.S.A. Region on the Visa International Board are requested to support the adoption of International Operating Regulations implementing such fees to take effect October 1, 1994.

1244. **OPERATIONAL MATTERS**

(a) **Product-Related Operating Regulations**

(i) **Commercial Product Operating Regulations**

In order to establish standards for the processing, card designs and core features of the Corporate and Purchasing cards, and otherwise to implement such card programs and to adopt new designs for the Visa Corporate, Purchasing and Business cards, upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the Operating Regulations be and hereby are amended as shown in Exhibit E, which shall be attached to the minutes of this meeting.

(ii) **Miscellaneous U.S. Operating Regulations**

In order to amend various provisions of the U.S. Operating Regulations in accordance with proposals reviewed during the Board meeting, and upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that amendments to the Operating Regulations as set forth in Exhibit F, are hereby adopted.

And be it further

RESOLVED, that the Secretary is directed to attach Exhibit F, to the minutes of this meeting.

(iii) **Miscellaneous International Operating Regulations**

In order to approve the adoption of various proposed amendments to the International Operating Regulations, or alternatively, to support their adoption by the Visa International Board in the event that action is required to adopt such amendments, upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that amendments to the International Operating Regulations are hereby approved as set forth in Exhibit G, which is attached to the minutes of this meeting.

And be it further

RESOLVED, that the representatives of the Region on the Visa International Board are requested to support the adoption by the Visa International Board of the above-mentioned amendments to the International Operating Regulations in the event that such action is required for their adoption.

(b) Operations/Systems-Related Operating Regulations

(i) Miscellaneous U.S. Operating Regulations

In order to amend various provisions of the U.S. Operating Regulations in accordance with proposals reviewed during the Board meeting, and upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that amendments to the Operating Regulations as set forth in Exhibit H, are hereby adopted.

And be it further

RESOLVED, that the Secretary is directed to attach Exhibit H to the minutes of this meeting.

(ii) Miscellaneous International Operating Regulations

In order to approve the adoption of various proposed amendments to the International Operating Regulations, or alternatively, to support their adoption by the Visa International Board in the event that action is required to adopt such amendments, upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that amendments to the International Operating Regulations are hereby approved as set forth in Exhibit I, which is attached to the minutes of this meeting.

And be it further

RESOLVED, that the representatives of the Region on the Visa International Board are requested to support the adoption by the Visa International Board of the above-mentioned amendments to the International Operating Regulations in the event that such action is required for their adoption.

(c) VisaNet Copy Request and Fulfillment Service Changes

In order to provide for a manageable and marketable transition to full implementation of the VisaNet Copy Request and Fulfillment Service, upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the Principles for modification of the requirements of Members' participation in the VisaNet Copy Request and Fulfillment Service as shown in Exhibit J, and the fee modifications for such service as shown in Exhibit K, are hereby approved, said Exhibits to be attached to the minutes of this meeting;

And be it further

RESOLVED, that such Principles and fee modifications shall take effect on April 1, 1994;

And be it further

RESOLVED, that management shall prepare amendments to the Operating Regulations implementing such Principles and fees, to be presented to the Board for adoption at its next meeting.

(d) VisaNet Point-of-Sale Fee Changes

In order to adjust fees for VisaNet Point-of-Sale services, upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the VisaNet Point-of-Sale Fee Changes described in Exhibit L attached to these minutes be and hereby are adopted.

(e) Visa Auto Rental Insurance Program

In order to extend Auto Rental Insurance coverage on Visa Gold and Visa Business cards for an additional year to maintain competitive

equivalence, upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that Visa Auto Rental Insurance coverages on Visa Gold and Visa Business cards is extended for an additional policy year, commencing March 1, 1994;

And be it further

RESOLVED, that the officers are authorized to enter into agreements with carriers for such coverages at premium rates not to exceed \$2.45 per transaction for Visa Gold cards and \$0.55 per transaction for Visa Business cards and on such other terms and conditions that they deem appropriate.

(f) Visa Purchase Security and Extended Protection Program

In order to extend the Visa Purchase Security and Extended Protection Programs for Visa Gold and Visa Business cardholders, upon motion duly made, seconded, and unanimously carried, it was

RESOLVED, that the Purchase Security and Extended Protection Programs for Visa Gold and Visa Business cardholders is extended for an additional policy year, commencing March 1, 1994;

And be it further

RESOLVED, that the officers are authorized to enter into agreements with carriers for such coverages at premium rates not to exceed \$0.40 per active account for Visa gold credit cards, and \$0.40 per active account for Visa Gold check cards, and \$0.30 per card for Visa Business cards, and on such other terms and conditions that they deem appropriate.

1245. **EXECUTIVE/PLANNING COMMITTEE REPORT**

The Board received and accepted a report on matters discussed and actions taken at the Committee meeting, all as reflected in the minutes of the meeting.

(a) Composition of Board Committees

In order to appoint Messrs. Pascarella and Tallman to an appropriate Board Committee, upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that Carl F. Pascarella is hereby appointed to the three standing Committees of the Board (Executive/Planning, Product Development and Marketing, and Systems and Operations);

And be it further

RESOLVED, that Wesley C. Tallman is hereby appointed to the Product Development and Marketing Committee.

(b) Commercial Product Non-Duality

In order to adopt and implement a policy whereby Visa Commercial Card products (Business, Purchasing, and Corporate) may not be issued by Visa Members that also issue other, directly competitive commercial card products, upon motion duly made, seconded and carried with one abstention (Mr. Bailey declared an interest and abstained), it was

RESOLVED, that the Members who participate as Issuers in any of the Visa Commercial Card programs (Business, Purchasing, and Corporate) shall not also participate as issuers in any similar credit card program of a direct, named competitor and MasterCard International Incorporated;

And be it further

RESOLVED, that management shall prepare appropriate documentation to implement this resolution.

1246. VISA U.S.A. CORPORATE STRATEGIC PLAN

The Board received a presentation on the strategic options facing the company, attached hereto as Exhibit M. Following discussion, the consensus of the Board was that the current strategic direction of the Corporation is not

sustainable; and that management should return to the February 1994 meeting with specific details supporting the two options proposed.

In order to endorse the proposal of management that it develop further the strategic options, upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that management develop further the strategic options discussed and present the results thereof to the February meeting, and that the Board accepts management's proposal to meet with Board members in the interim in order to review the results of the analysis and provide individual input.

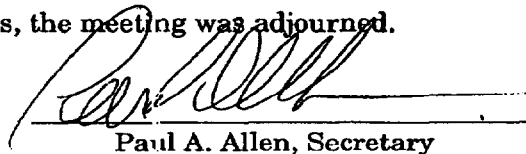
1247. MANAGEMENT AUTHORITY: CARD PROGRAM APPROVAL

In connection with the review of the strategic options and the current market environment, the Board discussed management's authority to approve new card programs and the terms thereof.

In order to respond to marketplace developments and to deal more effectively with the competitive environment, upon motion duly made, seconded and unanimously carried it was

RESOLVED, that executive management, exercising its reasonable business judgment, shall have the authority to approve proposed Visa card programs, including co-branded programs, pending further review of the matter and the corporation's strategic options at the next scheduled meeting of the Board of Directors.

There being no further business, the meeting was adjourned.


Paul A. Allen, Secretary